

MARKETS GO BACK TO THE FUTURE

IN THE Back to the Future trilogy, the bad guy is a bully called Biff Tannen.

The megalomaniac mogul amassed his wealth because his older self travelled back in time to give his younger self Grays Sports Almanac, a compilation of every sports result from 1950 to 2000. As a result, Biff was able to earn a fortune from sports betting.

Financial markets remind us just how hard it is to predict the future and just how wonderful foresight would be. Yet, in the first quarter of 2022, even Biff would have been bashed.

The best-case scenario for stock and bond investors was a -4.5% return from high yield bonds. Equities, sovereign bonds, corporate

bonds, infrastructure, property, private equity, private credit, venture capital and cryptocurrencies all posted negative returns. There was nowhere to hide – and that is before adjusting for 7% inflation.

AN ILLUSION

We have called this the illusion of diversification. The charity balanced portfolio was not balanced. The assets investors believed to be diversifiers for charities turned out to have higher cross-asset correlations than first thought. They all appear vulnerable to the same risks – rising interest rates and rising risk premiums, which both appear to be happening at the same time. The only place to hide in conventional assets was commodities.

In the 165 quarters since 1980, only five times have markets been so dismal that even Mystic Meg couldn't have conjured a positive return. For the last time this happened, we must travel back to 1990. The scary thing for investors is that the current quarter appears to be offering more of the same. In April,

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the Nasdaq had its worst monthly performance since 2008, falling 13.3%. Bonds fared little better – the Bloomberg Global Aggregate index, a broad-based fixed income benchmark, fell 5.5% over the month.

At Ruffer, we expect the coming decade to have similarities to the 1970s – a period of political, economic and inflationary turmoil – with all the market volatility investors dread. Unfortunately, this time nobody has Grays Stockmarket Almanac.

To preserve capital, investors will require a new approach to constructing portfolios – flexible, adaptable, robust and responsive. Being unbenchmarked and unconventional could prove crucial. ●

Ajay Johal is an investment manager at Ruffer

KEY INDICATORS

UK GDP QoQ	+0.8%	(31 March 2022)
UK GDP YoY	+8.7%	(31 March 2022)
Current inflation rate (RPI/CPI)	+9.0%/+13.1%	(30 April 2022)
Wage inflation YoY	+7.0%	(31 March 2022)
Unemployment rate	3.7%	(31 March 2022)

Source: Office for National Statistics, Statista

The rates below are the highest published and can be used to negotiate with other banks which may match or better them if asked. Please note that the creditworthiness of an institution is of critical importance and that credit rating is just one of a number of factors to take into consideration.

Best rates at 13.05.22 shown gross	Account	Notice/term	Deposit	Gross	Int paid	Best rates at 13.05.22 shown gross	Account	Notice/term	Deposit	Gross	Int paid
NO NOTICE ACCOUNTS £1						NOTICE ACCOUNTS £50K					
Bath BS	Charity	None	£1	0.69%	Y	Cambridge & Counties Bank Business, Trust and Charity 13	95 Day £10,000	1.30%	Y		
Skipton BS	Community Saver Issue 9	Instant	£1	0.55%	Y	Close Brothers Savings	95 Day SME Notice Account (4)	95 Day £25,000	1.30%	6M	
Furness BS	Everyday Saver	Instant	£1	0.50%	Y	United Trust Bank	Charity 200 Day	200 Day £5,000	1.15%	Y	
Monmouthshire BS	Community Saver - Issue 2	Instant	£1	0.50%	Y	Redwood Bank	95 Day Business Savings (Issue 11)	95 Day £10,000	1.15%	Y	
Unity Trust Bank	Instant Access	None	£1	0.35%	Q	United Trust Bank	Charity 100 Day	100 Day £5,000	1.05%	Y	
NO NOTICE ACCOUNTS £50k						CHEQUE ACCOUNTS					
Bath BS	Charity	None	£1	0.69%	Y	CAF Bank	CAF Cash Account	Instant	£1,000	0.05%	Q
Skipton BS	Community Saver Issue 9	Instant	£1	0.55%	Y	Santander	Corporate Current Account	Instant	£1	0.00%	M
Loughborough BS	Instant Access Deposit	Instant	£25,000	0.55%	Y	Virgin Money	Business Charity Choice Account	Instant	£1	0.00%	M
Monmouthshire BS	Community Saver - Issue 2	Instant	£1	0.50%	Y	Bank of Scotland	Business Current Account	Instant	£1	0.00%	M
Furness BS	Everyday Saver	Instant	£1	0.50%	Y	Cumberland BS	Business Account Option A*	Instant	£1	0.00%	Y
NOTICE ACCOUNTS £1						FIXED RATE ACCOUNTS					
Virgin Money	120 Day Business Notice Account	120 Day	£1	0.90%	M	Cambridge & Counties Bank Business, Trust and Charity Bond 22	5 Year £10,000	2.50% ^F	Y		
Virgin Money	95 Day Business Notice Account	95 Day	£1	0.80%	M	Cambridge & Counties Bank Business, Trust and Charity Bond 11	3 Year £10,000	2.40% ^F	Y		
Virgin Money	65 Day Business Notice Account	65 Day	£1	0.70%	M	United Trust Bank	Charity 3 Year Bond	3 Year £5,000	2.30% ^F	Y	
Cater Allen Private Bank	Business Notice 35 Account	35 Day	£1	0.65%	M	Cambridge & Counties Bank Business, Trust and Charity Bond 22	2 Year £10,000	2.25% ^F	Y		
Virgin Money	30 Day Business Notice Account	30 Day	£1	0.60%	M	United Trust Bank	Charity 2 Year Bond	2 Year £5,000	2.20% ^F	Y	

A = Provider operated under Islamic finance principles, rate shown is expected profit rate F = Fixed Rate OM = On Maturity * = Local area only All rates are shown gross variable unless otherwise shown. Methods of opening and operating accounts will vary. Eligibility criteria applies for cheque accounts to qualify for rates shown, rates paid up to a specified level only. All rates and terms subject to change without notice and should be checked before finalising any arrangement. **No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice.**

Account information supplied by **Business Moneyfacts**

DATA CHARITY POOLED FUNDS

Fund type	Fund manager	Fund name	Date	Prices quoted as	Charity sells (p)
MIXED					
	BlackRock	Armed Forces Charities Growth & Income Fund	30 Apr	Income	236.50
	BlackRock	Catholic Charities Growth & Income Fund	30 Apr	Income	161.30
	BlackRock	Charities Growth & Income Fund	30 Apr	Income	115.30
	Cazenove Charities	Charity Multi-Asset Fund	30 Apr	Distribution	56.69
	Cazenove Charities	Charity Responsible Multi-Asset Fund	30 Apr	Distribution	63.94
	CCLA	COIF Charities Investment Fund	05 May	Income	1,912.15
	CCLA	COIF Charities Ethical Investment Income Fund	05 May	Income	290.02
	EdenTree	Amity Balanced Fund for Charities	17 May	Income	108.70
	Epworth	Multi Asset Fund	30 Apr	Income	114.84
	Newton	Growth and Income Fund	30 Apr	Income	161.47
	Newton	Sustainable Growth and Income Fund for Charities	30 Apr	Income	159.11
	Newton	SRI Fund for Charities	30 Apr	Income	186.29
	Quilter Cheviot	Global Income and Growth Fund for Charities	11 May	Income	105.40
	Rathbones	Core Investment Fund for Charities	30 Apr	Income	126.85
	Ruffer	The Charity Assets Trust	11 May	Income	146.83
	Sarasin & Partners	Sarasin Climate Active Endowments Fund	12 May	Income	120.89
	Sarasin & Partners	Sarasin Endowments Fund	12 May	Income	118.48
	Sarasin & Partners	Sarasin Income & Reserves Fund	12 May	Income	105.64
	Waverton Investment Management	Charity Growth & Income Fund	30 Apr	Income	116.00
	ARC	<i>Sterling Steady Growth Charity Index^a</i>	31 Mar		-
GLOBAL EQUITY FUNDS					
	CCLA	COIF Charities Global Equity Income Fund	05 May	Income	257.98
	EdenTree	Amity Global Equity Fund for Charities	17 May	Income	155.20
	Epworth	Global Equity Fund	30 Apr	Income	133.76
UK EQUITY FUNDS					
	BlackRock	Charities UK Equity ESG Fund	30 Apr	Income	221.10
	BlackRock	Charities UK Equity Index Fund	30 Apr	Income	1,426.70
	BlackRock	Charities UK Equity Fund	30 Apr	Income	709.40
	Cazenove Charities	Charity Equity Value	30 Apr	Income	440.40
	Cazenove Charities	Charity Equity Income	30 Apr	Income	92.73
	Epworth	UK Equity Fund	30 Apr	Income	172.23
	M&G	Charifund	30 Apr	Income	1,579.73
GILT & FIXED INTEREST					
	BlackRock	Charities UK Bond Fund	30 Apr	Income	168.20
	Cazenove Charities	Charity Bond Fund	30 Apr	Income	60.57
	CCLA	COIF Fixed Interest	05 May	Income	121.62
	Epworth	Sovereign Bond Fund	30 Apr	Income	120.78
	Epworth	Corporate Bond Fund	30 Apr	Income	113.23
	M&G	Charibond Charities Fixed Interest Fund	30 Apr	Income	116.60
PROPERTY					
	CCLA	COIF Charities Property Fund	30 Apr	Income	131.18
	Savills Investment Management	Charities Property Fund ^d	31 Mar	Income or accumulation	142.17 ⁱ
	Mayfair Capital	The Property Income Trust for Charities	30 Apr	Income	98.23
ALTERNATIVE					
	Rathbones	Rathbone Active Income and Growth Fund	30 Apr	Income	141.17

(a) data provided by ARC Charity Indices. The index incorporates portfolio performance data from over 30 leading charity investment managers encompassing more than 1,500 discretionary portfolios

(b) distribution yield according to MSCI's AREF/IPD UK Quarterly Property Fund Index

(c) updated quarterly

(d) dividend yield on mid price

(e) dividend yield on mid price. Gross redemption yield is 2.60%

(f) on assets up to £200m. 0.35% on assets exceeding £200m

(g) on assets up to £200m. 0.45% on assets exceeding £200m

(h) on assets up to £200m. 0.40% on assets exceeding £200m

(i) Indicative NAV pricing published on a non-reliance basis. The underlying valuation of investment properties includes a material value uncertainty clause by the valuer given the unknown future impact that Covid-19 might have on real estate market

Charity buys (p)	Yield gross (%)	Fund size £m	Annual charge (%)*	Minimum investment	Net returns (%)**			
					Quarter to 31.03.2022	Annualised 12 months	Annualised 3 years pa	Annualised 5 years pa
238.40	3.40	413.4	0.40 ^f	£1,000	-2.4	9.0	9.3	7.4
162.30	2.70	174.5	0.50 ^g	£5,000	-2.4	9.2	8.5	7.6
115.80	2.50	192.1	0.45 ^h	£5,000	-2.2	8.0	n/a	n/a
56.69	4.00	664.8	0.50	£1,000	-2.1	7.6	7.5	5.4
63.94	4.00	907.0	0.60	£10,000	-3.2	9.6	10.0	n/a
1,918.47	2.81 ^d	3,477.5	0.60	£1,000	-4.7	11.6	11.5	10.3
291.05	2.91 ^d	1,917.2	0.60	£1,000	-4.5	11.6	11.5	10.1
108.70	4.69	24.0	0.55	£1,000	-2.1	3.5	5.6	4.4
115.76	2.66	34.6	0.60	£1,000	-3.8	9.8	7.9	6.6
161.47	2.20	749.5	0.60	£5,000	-2.8	6.9	7.3	8.0
159.11	1.53	69.3	0.60	£5,000	-5.0	2.2	6.7	7.0
186.29	2.14	111.2	0.65	£5,000	-4.0	3.5	8.3	7.7
105.40	3.10	118.9	0.50	£100,000	-4.0	8.2	n/a	n/a
126.85	2.18	144.8	0.30	£10,000	-4.9	6.1	8.4	6.6
146.83	1.37	215.6	1.08	£500	1.9	6.4	10.7	6.0
120.89	2.44	484.8	0.75	£1,000	-3.8	5.7	9.8	n/a
118.48	2.50	2,286.1	0.75	£1,000	-3.6	5.5	9.3	7.3
105.64	3.23	133.0	0.75	£1,000	-5.3	(1.5)	3.0	2.6
116.00	2.30	49.9	0.60	£10,000	-2.1	9.3	n/a	n/a
-	-	-	-	-	-3.8	6.3	6.7	5.5
258.44	2.64 ^d	227.7	0.75	£1,000	-6.2	11.1	16.3	13.4
155.20	2.23	22.6	0.55	£1,000	-3.7	8.5	11.1	8.9
134.30	1.21	165.4	0.65	£1,000	-7.5	8.9	n/a	n/a
221.70	3.00	62.7	0.50	£1,000	-0.2	10.7	6.6	6.4
1,429.50	3.40	169.6	0.08	£5,000	1.3	13.1	5.6	4.8
711.30	3.00	224.9	0.50	£1,000	0.3	11.0	7.2	6.0
440.40	3.10	157.0	0.50	£1,000	4.6	15.9	5.8	6.6
92.73	4.40	42.6	0.50	£10,000	7.4	19.5	6.9	5.0
173.10	3.12	242.9	0.55	£1,000	-3.5	10.4	5.9	5.5
1,579.73	4.75	942.4	0.46	1 unit	2.3	12.6	6.2	5.4
168.60	3.60	100.0	0.35	£500	-5.2	-4.5	0.3	1.0
60.57	1.60	37.3	0.30	£10,000	-7.0	-8.4	-0.5	0.3
122.14	2.95 ^e	81.2	0.22	£1,000	-5.1	-4.6	0.2	0.8
120.92	0.94	15.1	0.25	£1,000	-7.2	-6.2	-1.1	0.0
114.03	1.67	42.1	0.35	£1,000	-5.7	-5.1	-0.2	-0.8
116.60	2.02	102.1	0.30	1 share	-2.1	-2.6	n/a	n/a
135.58	4.20 ^b	756.5	0.65	£10,000	3.8	20.3	8.2	8.2
146.70 ⁱ	4.6 ^b	1,385.0	0.62	£10,000	6.3	20.5	7.8	8.0
101.08	4.20 ^b	802.0	0.50	£10,000	3.6	24.5	8.4	8.7
141.17	2.71	231.6	0.30	£10,000	-2.6	6.3	7.0	6.0

* extra charges may apply
** quarterly net of fee total return performance in GBP

The information on this page is provided by fund managers themselves. While best efforts are made to check the accuracy of data, readers are advised to verify this data with the manager in question before making any investment decisions.